

**INTERVIEW**

**JACK JONES** talks to newly appointed Pensions Administration Standards Association chairman **MARGARET SNOWDON** about her plans for the organisation, which took over from the Raising Standards of Pension Administration initiative last year

# More than just a name change

## What has been happening at PASA since it was launched in November?

It's not just a name change – it's become a new organisation. We wanted to change direction and actually deliver tools that help the industry to raise the standards of pensions administration. We had to re-energise people, elect a new board, and set up as a community interest company.

We hoped we would get some really interested and exciting people coming forward, and we did. We ran elections – with the Electoral Reform Services group to make it transparent and independent. We got a good number of people who believe in what we're doing and we think that's just the start. We have a 12-man board plus an honorary secretary.

## Now that's in place, what are the priorities for the next 12 months?

Our main priority is delivery. We've got a website up and now we're looking to set up meaningful standards – not just things like how long it takes to do a quote. We'll measure performance, member experience, governance, risk control – all those things you would look to a business to control.

We've launched our principles, which set out about a dozen high-level guides to administrators. From there we will come down to real standards – what administration means, what outcomes you'd expect from running administration according to those standards.

Setting out the stall helps administrators know what they've got to achieve. They are responsible for billions of pounds of assets and benefits so they really ought to step up to the plate, and they really want to, but they've never felt there was any consistent way to measure.

But most importantly, we're working towards an accreditation scheme and that is going to be the flagship. That's going to make us different – we'll have an independent system people can be measured against.

It'll involve a framework for continuous improvement because you need to have a mechanism to get better. There will also be a feedback measure that means the assessor will be talking to trustees or members, so we've set up a member survey to help with that process.

## So how would an admin provider achieve accreditation?

They would join the organisation, use the guidance, look at the standards, contribute to them – because it's important that the industry engages – and, by 2012, we'll have an accreditation system and it will be clear how they go through the process.

We'll have at least one independent party involved – because most of us within PASA are industry specialists so we wouldn't be seen to be totally independent. We're building the standards, then an independent partner



will be available to our members to do the accreditation.

But I don't want to pre-empt anyone. The accreditation sub-committee is headed by Fergus Clark and we've got four more sub-committees that will tell the industry what they are doing and report regularly.

## You've said a priority was to gain recognition for PASA – how will you do this?

We want recognition from the whole industry, which includes trustees. It's a bit much at this stage to expect that members will recognise us, but hopefully with the member survey, which is open to everyone, they'll get to know the site. It would be a big success for us if trustees actually encouraged members to do that.

But we're looking for administrators, trustees, employers and regulators to see us as the body to go to if you want to ask a question about administration standards. Talking to interested people is one way to do that, but we're looking for people to join us and become members and then be advocates.

Everyone is on the same wavelength, and we've been at pains to talk to the regulator. The same with the Department for Work and Pensions – they're very supportive because they recognise that we're delivering one of their cornerstones which is to improve the outcomes for members.

## How are you planning to get in-house administration teams on-board?

In-house administrators are really no different from third-party administrators – they want to provide a good service and be seen to deliver a good service. If an in-house

administrator can demonstrate to the trustees and sponsor they are providing a good service and offer value for money, they're more likely to remain in-house.

We have members who are in-house pension schemes and we don't see a distinction. We recognise there's more of a commercial focus with the TPAs but the drivers are the same.

We also want to bring in the insurance companies, because they touch a lot of people and they're not always top of the pops in terms of service delivery, so we need to get them into the fold.

This is another priority and the Association of British Insurers has expressed a lot of interest. That means we get opportunities to talk to insurance companies on their own turf, and if the ABI are behind it the chances are much greater that the insurance companies will step in.

## How is the continuing shift from defined benefit to defined contribution affecting the admin industry?

What's being thrown up is the absolute need to share good practice on DC, because most people think DC is easy and that's a big mistake.

It's a great leveller because as soon as you make a mistake there's a huge knock-on effect and there is no hiding place in DC. Once you've committed the money, unscrambling it if you've made a mistake is an enormous job.

It's important that processes for DC are great, because DC is going to be relied on more and more. People are already nervous about pensions, so all we need are people blundering around with DC pots and it will be all over the press. Having said all that, there is plenty of very good practice in DC.

## What are the major challenges facing the industry?

So far, PASA has been more inward looking but a big challenge for us is going to be auto-enrolment, because it's such a sea change. Personally, I think we're setting up for some major disappointments without having real processes and understanding of how things are going to work.

I'd like to think that PASA are going to help. Administration providers have to make the best of what can be a bad lot at times, because it is complex – I think probably unnecessarily so – with opting in, opting out, having to recycle roundabout. That makes it a complex tracking job, which always makes it difficult for administrators who have a hard enough time dealing with layer upon layer of legislation. But the more we can unify and share good practice, the better. A lot of people are putting their head in the sand a little bit on auto-enrolment. It's quite sad and shocking actually, but if we can at least give some examples of best practice, that will help enormously.